

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

FRASER COMPANIES, LIMITED

An operating Company incorporated under the Laws of the Dominion of Canada
by Letters Patent dated 27th day of June, 1917.

COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

(Certificates transferable where registered either at Toronto,
Montreal or Edmundston.)

CAPITAL SECURITIES AS AT DECEMBER 31, 1943

STOCK	No. of Shares Authorized	No. of Shares Issued	No. of Shares to be Listed
Common—without nominal or par value.....	500,000	371,016	371,016
FUNDED DEBT			
First Mortgage Bonds:			
Authorized.....			\$15,000,000.00
Less: To be taken into account for Sinking Fund and not issuable....		\$ 798,000.00	
Unissuable portion of \$2,800,000.00 as originally reserved for issue as security for special loan.....		28,000.00	
Redeemed and cancelled.....		363,500.00	
			1,189,500.00
			\$13,810,500.00
Outstanding:			
Six Per Cent First Mortgage Bonds, Series 1936, due 1st January, 1950.....			\$10,610,500.00
Less: Redeemed subject to Company's power to re-issue.....		\$2,055,000.00	
Redeemed and cancelled.....		3,026,000.00	
			5,081,000.00
			\$ 5,529,500.00

Edmundston, N.B., Aug. 31, 1944.

1. FRASER COMPANIES, LIMITED (hereinafter referred to as the "Company") hereby makes application for listing on the Toronto Stock Exchange of its issued and outstanding three hundred and seventy-one thousand and sixteen (371,016) common shares without nominal or par value.

2. HISTORY

The Company was incorporated in 1917 to acquire and take over as a going concern the whole of the undertakings, business, assets, property, franchises and liabilities of:

DONALD FRASER & SONS, LIMITED
FRASER LUMBER COMPANY, LIMITED
FRASER, LIMITED
F & M LUMBER COMPANY, LIMITED

In 1917 the erection of a pulp mill at Edmundston, N.B., was commenced and operation thereof began in 1918.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

In 1925 Fraser Paper, Limited was incorporated under Letters Patent of the Province of New Brunswick and license obtained to operate in the state of Maine for the purpose of carrying on the manufacture of paper from the pulp manufactured at the Edmundston, N.B., pulp mill of the Company, and the paper mill at Madawaska, Maine, was erected the same year, commencing operation in 1926.

Also in 1925 the Company acquired all the capital stock of Stetson Cutler & Company, Limited which carried on sawmill operations on the Restigouche River. The name of Stetson Cutler & Company, Limited was changed to Restigouche Company, Limited in 1928. The construction of a pulp mill at Atholville, Restigouche County, N.B., was commenced in the fall of 1928 and went into operation in March, 1930.

In 1937 the Company acquired all the capital stock of Fraser Realties, Limited which owned the greater portion of the Temiscouata Seignior and timber limits on Blue River and St. Francis River, all in Temiscouata County, P.Q. Fraser Realties, Limited was amalgamated with Fraser Companies, Limited in 1940.

3.

NATURE OF BUSINESS

The Company carries on the business of manufacturing and selling bleached and unbleached sulphite pulp, groundwood pulp, paperboard, lumber, laths, shingles, and railway ties; the subsidiary, Fraser Paper, Limited, manufacturing and selling bond and other bleached specialty papers and groundwood specialty papers; the subsidiary, Restigouche Company, Limited, manufacturing and selling bleached sulphite pulp (paper grades) and dissolving pulps which include Resticose for the manufacture of rayon and Restophane for the manufacture of cellophane.

The products of the Company are distributed by its own sales force as are the products of Restigouche Company, Limited except those sold in the United States. Products of Restigouche Company, Limited distributed in United States are sold to a selling organization with offices in New York and Chicago which also buys and sells the greater portion of the products of Fraser Paper, Limited.

The production for the years 1941 to 1943 inclusive for the Company and subsidiaries is as follows:

FRASER COMPANIES, LIMITED	1941	1942	1943
Bleached Sulphite Pulp.....	65,587 tons	62,388 tons	65,360 tons
Unbleached Sulphite Pulp.....	12,015 "	15,688 "	16,106 "
Groundwood Pulp.....	34,191 "	29,830 "	30,929 "
Paperboard.....	16,273 "	15,703 "	16,500 "
Lumber.....	62,978,000 feet	59,629,000 feet	49,550,000 feet
Laths.....	16,344,000 "	14,085,000 "	3,650,000 "
Veneer Logs.....	852,000 "	1,047,000 "	1,413,000 "
Shingles.....	46,500 sq.	57,644 sq.	53,965 sq.
Railway Ties.....	32,261 pcs.	37,085 pcs.	37,486 pcs.
FRASER PAPER, LIMITED			
Bond and other bleached specialty papers.....	51,817 tons	52,591 tons	57,370 tons
Groundwood specialty papers.....	46,159 "	37,836 "	39,131 "
RESTIGOUCHE COMPANY, LIMITED			
Dissolving Pulps.....	16,594 tons	15,965 tons	19,276 tons
Bleached Sulphite Pulp.....	38,363 "	45,057 "	37,235 "

The number of employees as at 31st December, 1943, was:

Company	Permanent	Seasonal	Woods
Fraser Companies, Limited.....	1,136	566	2,831
Fraser Paper, Limited.....	445	—	—
Restigouche Company, Limited.....	566	—	772

4.

ORGANIZATION, CAPITAL AND CHARTER CHARGES

The Company was incorporated under the Dominion Companies Act by Letters Patent dated the 27th June, 1917, with an authorized capital of 100,000 shares of \$100.00 each. By Supplementary Letters Patent dated the 26th day of January, 1925, the authorized capital stock was increased from \$10,000,000.00 to \$13,000,000.00 by the creation of 30,000 7% Cumulative Redeemable Convertible preferred shares of \$100.00 each. By Supplementary Letters Patent dated the 24th October, 1927, the 100,000 common shares of the capital stock of the Company of \$100.00 each were converted into 300,000 common shares without nominal or par value, and the authorized capital stock was further increased by the addition of 12,000 common shares without nominal or par value.

By Supplementary Letters Patent dated the 7th December, 1928, the conversion of 23,250 7% Cumulative Redeemable Convertible preferred shares of \$100.00 each into 69,750 common shares without nominal or par value was confirmed, and 6,750 unissued 7% Cumulative Redeemable Convertible preferred shares of \$100.00 each were subdivided and converted into 20,250 common shares without nominal or par value, and the authorized capital stock was increased by the addition of 98,000 common shares without nominal or par value making a total of 500,000 common shares without nominal or par value.

By Supplementary Letters Patent dated the 18th November, 1932, an arrangement between the Company and its shareholders was confirmed, whereby each shareholder would retain one share for each twenty shares of his holdings so that of the authorized capital of the Company of 500,000 common shares without nominal or par value, 20,189 shares thereof would remain outstanding in the hands of the shareholders and the remaining 479,811 shares would be available for the purposes of the reorganization scheme.

Pursuant to the provisions of a reorganization in 1932 and to a further plan for discharge of deferred bond interest in 1936 and other minor issues of stock for corporate purposes 350,827 common shares without nominal or par value have been issued, bringing the Company's outstanding capital stock up to its present amount of 371,016 shares.

5.

SHARES FULLY PAID

All the capital stock of the Company which is issued and outstanding is fully paid and non-assessable, and no personal liability attaches to ownership.

6.

STOCK PROVISION AND VOTING POWER

The common shares carry one vote per share.

The Trust Deeds securing the Company's First Mortgage Bonds contain a covenant to the effect that so long as any of the 6% First Mortgage Bonds Series of 1936 remain outstanding, the Company will not pay dividends on any shares of its capital stock until the net liquid assets of the Company and its subsidiaries, excluding Restigouche Company, Limited, amount to \$3,500,000 or while such net liquid assets are less than or would by reason of payment of such dividends be reduced below that amount.

7.

DIVIDENDS

The following is a tabulated record of dividends on the issued common stock of the Company from and including date of incorporation, until and including the year ended 31st December, 1943:

Year	Amount per Share	Amount
1920	\$1.00	\$100,000.00
1925	.....	.....
1926	2.00	200,000.00
1927	2.00	200,000.00
1928	1.00	371,179.00
1929	.75	301,048.50

(On 2nd June, 1944, the Board of Directors of the Company declared a dividend of thirty-five (35) cents per share for the quarter ending 30th June, 1944, payable 25th July, 1944, to shareholders of record at the close of business 30th June, 1944.)

8.

OPTIONS AND UNDERWRITINGS

There are no outstanding underwritings, options, sale agreements, conversion privileges, purchase warrants or other contracts or agreements of a like nature with respect to any unissued shares, bonds or other securities or any issued shares, bonds or other securities held for the benefit of the Company.

9.

PROPERTIES

The Company owns and operates sulphite pulp mill, groundwood mill, and paperboard mill at Edmundston, N.B., and sawmills and shingle mills at Cabano, P.Q., Notre Dame du Lac, P.Q., Plaster Rock, N.B., and Nelson, N.B. Its sawmill at Fredericton, N.B., is not at present in operation. In addition, it owns fifteen hundred and thirty (1530) square miles of freehold timber lands and controls twenty-three hundred and fifteen (2315) square miles of Crown Timber Limits in the Province of New Brunswick and eastern part of the Province of Quebec.

10.

SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries: FRASER PAPER, LIMITED, incorporated under Letters Patent of the Province of New Brunswick with Head Office at Plaster Rock, Victoria County, N.B., with authority to carry on business in the State of Maine where all of its assets are situate. This subsidiary manufactures bond and other bleached specialty papers and groundwood specialty papers at its mills at Madawaska, Maine. Fraser Paper, Limited has an authorized capital of 10,000 common shares with par value of One Hundred Dollars (\$100.00) each, all of which have been issued and fully paid and are held by Fraser Companies, Limited (except for Directors qualifying shares) subject to pledge as security for its Bonds. RESTIGOUCHE COMPANY, LIMITED, incorporated under Letters Patent of the Province of New Brunswick, having its Head Office at Athol in the County of Restigouche, N.B. This subsidiary manufactures bleached sulphite pulp (paper grades) and dissolving pulps at its pulp mill at Atholville, N.B. It owns or controls fourteen hundred and ninety-five (1495) square miles of freehold and Crown Timber Limits in the Provinces of New Brunswick and Quebec. Restigouche Company, Limited has an authorized capital of 250,000 common shares without nominal or par value, all of which have been issued and fully paid and are held by Fraser Companies, Limited (except for Directors qualifying shares) subject to pledge as security for its Bonds.

11.

FUNDED INDEBTEDNESS

First Mortgage Bonds designated 6% First Mortgage Bonds Series of 1936, dated the First day of January, 1936, maturing First day of January, 1950, bearing interest at Six Per Cent per annum, payable on January 1st and July 1st, paid in full to date, secured by first mortgage on all the assets of the Company, specific as to real and immoveable property, and holdings of securities of subsidiary companies, and by way of floating charge as to general assets under Deed of Trust and Mortgage and Trust Deed of Hypothec, Mortgage and Pledge dated 6th February, 1925, in favour of Montreal Trust Company as Trustee, and by Trust Deeds supplementary and ancillary thereto dated respectively the 30th day of December, 1932 and 28th day of May, 1936, redeemable at the option of the Company at a premium of 3% if redeemed on or before January 1st, 1945, and a premium of 1% if redeemed at any time thereafter and before maturity, in each case with interest accrued to the date of redemption.

FUNDED INDEBTEDNESS OF SUBSIDIARIES

FRASER PAPER, LIMITED: First Mortgage Bonds consisting of \$2,500,000.00 6% First Mortgage Gold Bonds, Series "A", dated 1st January, 1925, due 1st January, 1950, secured by Deed of Trust and Mortgage in favour of Montreal Trust Company, Trustee, dated 17th June, 1925, and pledged as additional security for First Mortgage Bonds of Fraser Companies, Limited.

General Mortgage Bonds consisting of \$7,500,000.00 7% General Mortgage Bonds dated 1st July, 1925, maturing 1st July, 1950, secured by Deed of Trust and Mortgage in favour of Montreal Trust Company, Trustee, dated 1st July, 1925, and pledged as additional security for First Mortgage Bonds of Fraser Companies, Limited.

RESTIGOUCHE COMPANY, LIMITED: Six Per Cent Sinking Fund Mortgage Bonds dated 1st February, 1932, due 1st February, 1948, consisting of authorized principal amount of \$4,846,000.00 guaranteed by Fraser Companies, Limited, secured by Deed of Trust and Mortgage in favour of National Trust Company, Limited dated 30th December, 1932, with interest at the rate of 6% per annum payable 1st February and 1st August. The amount outstanding as at 31st December, 1943, was \$3,413,500.00. Provision for redemption is at a premium of 4% of the principal amount if redeemed on or before 1st January, 1933, and thereafter up to and including 31st January, 1947, at a premium of 4% less $\frac{1}{4}$ of 1% for each calendar year or part of calendar year of their currency comprised in the period from 1st February, 1933, to 31st January, 1947, and thereafter at par until maturity.

12. LISTING ON OTHER STOCK EXCHANGES

The common shares of the Company are listed on the Montreal Curb Market.

13. FISCAL YEAR

The fiscal year of the Company ends on the 31st December in each year.

14. ANNUAL MEETING

The Annual Meeting of Shareholders of the Company is held at the Head Office at Plaster Rock, Victoria County, New Brunswick, on the third Wednesday in March in each year, or at such other place in Canada and at such other times as may be determined by resolution of the Board of Directors. The Annual Meeting is generally held at Edmundston, N.B.

15. HEAD OFFICE

The Head Office of the Company is Plaster Rock, Victoria County, New Brunswick. The executive and general offices are at Edmundston, N.B., and branch offices are located at Montreal, Toronto, Cabano, P.Q., Notre Dame du Lac, P.Q., Fredericton, and Nelson, N.B.

16. AUDITORS

The Auditors of the Company are George A. Touche & Co., Chartered Accountants, Montreal, P.Q.

17. TRANSFER AGENTS

Montreal Trust Company, Place d'Armes, Montreal, and 61 Yonge Street, Toronto, are transfer agents of the Company for the stock registered on its Montreal and Toronto Registers, respectively. The Company is its own transfer agent for stock registered on its Edmundston Register.

18. TRANSFER FEES

No fee is charged on stock transfers other than customary Government Stock Transfer Taxes.

19. REGISTRARS

Montreal Trust Company, Place d'Armes, Montreal, and 61 Yonge Street, Toronto, are registrars of the Company for shares registered on its Montreal and Toronto Registers, respectively. The Royal Bank of Canada, Edmundston, N.B., is registrar for shares of the Company registered on the Edmundston Register.

20.

OFFICERS

<i>Name</i>	<i>Position Held</i>	<i>Address</i>
Harold Crabtree.....	<i>Chairman</i>	Montreal, P.Q.
Aubrey Crabtree.....	<i>President and General Manager</i>	Edmundston, N.B.
L. M. Sherwood.....	<i>Vice-President and Comptroller</i>	Edmundston, N.B.
G. G. Gillies.....	<i>Secretary</i>	Edmundston, N.B.
H. H. Henderson.....	<i>Treasurer</i>	Edmundston, N.B.

21.

DIRECTORS

<i>Name</i>	<i>Address</i>
A. W. Brebner.....	Campbellton, N.B.
A. H. Campbell.....	Montreal, P.Q.
Aubrey Crabtree.....	Edmundston, N.B.
Harold Crabtree.....	Montreal, P.Q.
S. F. Duncan.....	Toronto, Ont.
R. B. Hanson.....	Fredericton, N.B.
A. M. Irvine.....	Stanstead, P.Q.
K. S. Maclachlan.....	Montreal, P.Q.
L. M. Sherwood.....	Edmundston, N.B.
H. P. Thornhill.....	Montreal, P.Q.

Pursuant to a resolution passed by the Board of Directors the applicant Company hereby applies for a listing of the above mentioned securities on the Toronto Stock Exchange and the undersigned officers thereof certify that the statements and representations made in this application and the documents submitted in support thereof are true and correct.



FRASER COMPANIES, LIMITED
"Aubrey Crabtree", *President*.
"G. G. Gillies", *Secretary*.

DISTRIBUTION OF COMMON STOCK ON 30th JUNE, 1944

<i>Number</i>	<i>Shares</i>
1,623 Holders of 1 - 100 share lots.....	38,577
102 " " 101 - 200 " "	17,174
38 " " 201 - 300 " "	9,694
27 " " 301 - 400 " "	9,814
13 " " 401 - 500 " "	6,046
42 " " 501 - 1000 " "	28,565
50 " " 1001 - up " "	261,010
1,895 Stockholders	Total Shares..... 370,880

TWENTY-SEVENTH ANNUAL REPORT AND STATEMENT
Year Ended 31st December, 1943

TO THE SHAREHOLDERS,
FRASER COMPANIES, LIMITED:

The Consolidated Balance Sheet of Fraser Companies, Limited and its wholly-owned subsidiaries at 31st December, 1943, and the Consolidated Income and Expenditure and Surplus Statements of these companies for the year ended 31st December, 1943, are submitted herewith.

Earnings for the year, including premium on United States exchange amounting to approximately \$1,000,000.00 and \$1,156,000.00 arising through a change in the basis of valuation of pulpwood and logs, but before interest charges and provision for depletion, depreciation and Income and Excess Profits taxes, amounted to \$5,457,000.00.

The net profit for the year, after all charges, but not including \$1,156,000.00 referred to in the preceding paragraph and before deducting provision for Income and Excess Profits taxes, amounted to \$2,109,000.00, as compared with a net profit of \$2,549,000.00 for the year 1942. The Standard Profits Claims of Fraser Companies, Limited and Restigouche Company, Limited have now been decided and a provision of \$2,770,000.00 for Income and Excess Profits taxes has been charged to Surplus and included in the Current Liabilities.

Consolidated net working capital amounts to \$5,679,000.00, showing an improvement of \$513,000.00 for the year, after applying \$2,446,000.00 on additions to plants and properties and \$124,000.00 in reduction of funded debt, and after making provision for Income and Excess Profits taxes of \$2,770,000.00. The reduction in funded debt is accounted for by the purchase of \$59,500.00 principal amount of bonds of Fraser Companies, Limited and \$64,500.00 principal amount of bonds of Restigouche Company, Limited.

During the year, 981 square miles of freehold timber lands were acquired from The New Brunswick Railway Company. These lands are favourably situated and increase the security of your Companies' operations.

The Auditors' Certificate necessary for termination of the Common Share Voting Trust Agreement affecting shares in the capital stock of the Company has been received.

Steps are being taken for dissolution of the Voting Trust, and in order to give opportunity for exchanges of Voting Trust Certificates for Common Shares before the Annual Meeting and so enable Voting Trust Certificate holders to exercise voting rights as shareholders at the Annual Meeting, the time of the meeting has been fixed at a date later than has been customary.

Total tonnage of pulp and paper produced and sold was approximately the same as the previous year, even though pulpwood available was somewhat less, the balance of wood required being made up by utilization of slabs and mill-waste from your Company's sawmills.

As a result of insufficient men available for lumbering operations, production and sales of lumber products were substantially reduced. The shortage of manpower in the woods still continues and may result in a further reduction in the operations of your mills during 1944.

Your Directors wish to make particular mention of the contribution which your companies have made to the war effort. More than 725 of your companies' employees have joined the armed forces. It is gratifying to note that Restigouche Company, Limited was awarded the War Work Shield donated by the Wartime Machine Shop Board of the Canadian Pulp and Paper Association, for "Distinguished Performance in Production of Materials vital to Canada's War Effort" in its group, for the second and third quarters of 1943, and your company's plant at Edmundston received a Certificate of Merit for outstanding work of the same kind.

During the year Mr. F. C. Beatteay, who had been a valued member of your Board for many years, tendered his resignation because of ill health.

The vacancy on the Board has been filled by the appointment of Mr. A. W. Brebner, Campbellton, New Brunswick, who has been a Director and a Vice-President of Restigouche Company, Limited for a number of years.

Your Directors and Officers wish to express their appreciation of the outstanding services rendered by all personnel of your company's organization throughout the year.

Submitted on behalf of the Board,

AUBREY CRABTREE,
President.

Edmundston, New Brunswick,
March 10th, 1944.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET OF FRASER COMPANIES, LIMITED

FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED

As at 31st December, 1943

ASSETS

CURRENT:

Cash in Banks and on Hand.....	\$ 2,060,109.93	
Dominion Government and United States Treasury Bonds.....	4,595,000.00	
Accounts and Bills Receivable—Trade—less Reserve.....	1,856,547.28	
Accounts Receivable—Other—less Reserve.....	40,694.69	
Inventories, valued at or below cost, comprising Raw Materials and Supplies, Goods in Process and Finished Products, and Logging and Pulpwood Advances Season 1943-1944, as certified by responsible officials of the Companies.....	3,047,856.59	\$11,600,208.49

DEFERRED CHARGES TO OPERATIONS.....	37,003.09	
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REFUNDABLE PORTION OF EXCESS PROFITS TAXES—ESTIMATED.....	310,000.00	
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OTHER INVESTMENTS.....	16,006.00	
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FIXED:

Freehold and Leasehold Timber Limits, Buildings, Mills, Equipment, etc., as valued at 31st December, 1932 (such valuation being considerably less than cost or appraisal of the Canadian Appraisal Company at 31st December, 1928), with subsequent Additions at Cost less Deductions for Equipment and Property Sold..... \$31,597,682.25

Less:

Reserves:

Depletion.....	\$ 5,277,469.89	
Depreciation.....	12,607,587.46	
	<u>17,885,057.35</u>	

APPROVED ON BEHALF OF THE BOARD:		13,712,624.90
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AUBREY CRABTREE, *Director*.

L. M. SHERWOOD, *Director*.

\$25,675,842.48

LIABILITIES AND CAPITAL

CURRENT:

Accounts Payable—Trade	\$1,153,727.12	
Payrolls and Other Charges Accrued	521,818.91	
Bond Interest Accrued and Exchange thereon	280,929.77	
Provision for Dominion and United States Income and Excess Profits and Other Taxes—less Instalments Paid	3,964,954.98	
		\$ 5,921,430.78

RESERVE FOR REPLACEMENT OF PULPWOOD AND LOG INVENTORIES TO NORMAL

QUANTITIES AT PRESENT INVENTORY VALUES		1,243,000.00
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RESERVE FOR CONTINGENCIES		570,000.00
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REFUNDABLE PORTION OF EXCESS PROFITS TAXES—PER CONTRA		310,000.00
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FRASER COMPANIES, LIMITED, FIRST MORTGAGE BONDS:

Authorized		\$15,000,000.00
Less: To be taken into account for Sinking Fund but not issuable	\$ 798,000.00	
Unissuable portion of \$2,800,000.00 originally re- served for issue as security for Special Loan....	28,000.00	
Redeemed and Cancelled	363,500.00	
		1,189,500.00
		\$13,810,500.00

Outstanding:

Six Per Cent First Mortgage Bonds, Series of 1936, due 1st January, 1950		\$10,610,500.00
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Less: Redeemed subject to the Company's power to re-issue	\$ 2,055,000.00	
Redeemed and Cancelled	3,026,000.00	
		5,081,000.00

RESTIGOUCHE COMPANY, LIMITED, BONDS:		5,529,500.00
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Six Per Cent Sinking Fund Mortgage Bonds due 1st February, 1948:

Authorized and Issued		\$ 4,846,000.00
Less: Redeemed subject to the Company's power to re-issue	\$ 373,500.00	
Redeemed and Cancelled through the Sinking Fund	1,059,000.00	
		1,432,500.00

CAPITAL AND SURPLUS:		3,413,500.00
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Represented by 371,016 Shares of No Par Value out of a Total Authorized

Issue of 500,000 Shares:		
Amount Attributed to Capital	\$ 3,984,458.91	
Surplus per Schedule "A"	4,703,952.79	
		8,688,411.70

\$25,675,842.48

- NOTES: (a) Fraser Companies, Limited and Restigouche Company, Limited have claimed reserves against future depreciation in inventory values allowable under the Excess Profits Tax Act.
(b) In consolidating the Balance Sheet of Fraser Paper, Limited, which operates in the United States of America, American Dollars are expressed as an equal number of Canadian Dollars.

TO THE SHAREHOLDERS OF FRASER COMPANIES, LIMITED:

We have examined the books and accounts of Fraser Companies, Limited, Fraser Paper, Limited and Restigouche Company, Limited, for the year ended 31st December, 1943, and have obtained all the information and explanations we have required.

Pulpwood and Logs on hand and to be delivered in the current season have been valued at less than present day costs. This procedure is considered sound by the Management and is approved by us. As a consequence of the use of the valuations adopted instead of those resulting from the last-in, first-out method formerly employed the earnings for the year have been increased by \$1,156,000.00.

Out of the earnings for the year, \$843,000.00 has been added to Reserve for Replacement of Pulpwood and Log Inventories and \$126,000.00 has been transferred to Reserve for Contingencies.

In our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Fraser Companies, Limited, Fraser Paper, Limited and Restigouche Company, Limited, as at 31st December, 1943, according to the best of our information and the explanations given to us, and as shown by the books of the Companies as at that date.

GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Dated at Montreal, 8th March, 1944.

FRASER COMPANIES, LIMITED
FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED
STATEMENT OF CONSOLIDATED INCOME AND EXPENDITURE
For the Year Ended 31st December, 1943

Earnings for twelve months ended 31st December, 1943, after Operating Expenses (including Executive Officers' Salaries and Legal Fees of \$83,044.47 and Directors' Remuneration of \$1,300.00), Taxes, etc., but before providing for the undernoted items.....	\$5,457,069.5
<i>Deduct:</i>	
Bond Interest and Exchange thereon.....	598,847.91
<i>Deduct:</i>	<u>\$4,858,221.62</u>
Provision for Depletion.....	\$ 351,142.59
Provision for Depreciation.....	1,241,900.00
	<u>1,593,042.59</u>
NET PROFIT, BEFORE PROVISION FOR INCOME AND EXCESS PROFITS TAXES.....	<u><u>\$3,265,179.03</u></u>

SCHEDULE "A"

STATEMENT OF CONSOLIDATED SURPLUS

As at 31st December, 1943

Balance at 31st December, 1942.....	\$3,204,253.28
<i>Deduct:</i>	
Premium on Companies' own Bonds purchased.....	6,427.50
	<u>\$3,197,825.78</u>

STATEMENT OF CONSOLIDATED INCOME SURPLUS

As at 31st December, 1943

Surplus at 31st December, 1942.....	\$1,010,947.98
<i>Add:</i>	
Net Profit for year to date.....	3,265,179.03
<i>Deduct:</i>	<u>\$4,276,127.01</u>
Provision for Dominion Income and Excess Profits Taxes, including	
Refundable Portion of Excess Profits Taxes.....	2,770,000.00
	<u>1,506,127.01</u>
	<u><u>\$4,703,952.79</u></u>

FRASER COMPANIES, LIMITED
FRASER PAPER, LIMITED, AND RESTIGOUCHE COMPANY, LIMITED
CONSOLIDATED INCOME AND EXPENDITURE STATEMENT
For the Three Years Ended 31st December, 1941, 1942 and 1943

	1941	1942	1943
Earnings, before providing for the undernoted items....	\$5,196,281.40	\$5,594,372.65	\$5,265,084.45
<i>Deduct:</i>			
Executive Officers' Salaries and Legal Fees.....\$	78,390.30	\$ 81,131.36	\$ 83,044.47
Directors' Remuneration..	1,300.00	1,350.00	1,300.00
Sundry Interest—Net.....	6,041.60	12,293.48 (credit)	89,329.55 (credit)
Special Loan Interest	31,709.61	.....	.....
Bond Interest and Exchange thereon.....	661,462.62	619,412.35	598,847.91
Provision for Depletion....	343,294.42	376,882.07	351,142.59
Provision for Depreciation	1,203,000.00	1,203,000.00	1,241,900.00
Provision for Income and Excess Profits Taxes (including Refundable Portion of Excess Profits Tax for 1942, \$99,275.23, and estimate for 1943, \$210,724.77)	2,055,000.00	2,214,000.00	2,558,500.00
	4,380,198.55	4,483,482.30	4,745,405.42
	\$ 816,082.85	\$1,110,890.35	\$ 519,679.03
<i>Other Deductions:</i>			
Amount arising through change in the basis of valuation of pulpwood and logs.....	.....	.....	\$1,156,000.00 (credit)
Applied in reduction of Log and Lumber Inventories.....\$	438,135.24	\$261,522.07	.....
Reserve for replacement of Pulpwood and Log Inventories.....	.....	400,000.00	843,000.00
Reserve for Contingencies	140,000.00	114,000.00	126,000.00
	578,135.24	775,522.07	187,000.00 (credit)
Balance transferred to Statement of Consolidated Surplus.....	<u>\$ 237,947.61</u>	<u>\$ 335,368.28</u>	<u>\$ 706,679.03</u>

STATEMENT OF CONSOLIDATED SURPLUS
As at 31st December, 1941, 1942 and 1943

	1941	1942	1943
Balance at beginning of year.....	\$3,381,958.57	\$3,686,710.48	\$4,003,701.26
<i>Deduct:</i>			
Premium on Companies' own Bonds purchased.....	10,246.25	18,377.50	6,427.50
<i>Add:</i>	\$3,371,712.32	\$3,668,332.98	\$3,997,273.76
Net Adjustment affecting prior years.....	77,050.55	.....	.....
Balance per Consolidated Statement of Income and Expenditure.....	237,947.61	335,368.28	706,679.03
Balance at end of year.....	<u>\$3,686,710.48</u>	<u>\$4,003,701.26</u>	<u>\$4,703,952.79</u>

In our opinion the above Consolidated Statements present fairly the consolidated results of the operations of Fraser Companies, Limited, Fraser Paper, Limited and Restigouche Company, Limited, for the three years ended 31st December, 1941, 1942 and 1943, and the Consolidated Surplus at these dates, on the bases of valuation of inventories referred to in our report to the shareholders dated 8th March, 1944, and after allocating provisions for Dominion Income and Excess Profits Taxes to the appropriate years.

GEORGE A. TOUCHE & Co.,
Chartered Accountants.

Dated at Montréal, 5th July, 1944.

